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Résumé

Cet article analyse les liens entre les approches en termes de cycle de vie et les analyses du marché du travail centrées sur les transitions (« marchés transitionnels »). D'un point de vue empirique, sur la base de données européennes, il fait apparaître d'une part le rôle joué par le genre et par l'âge dans les situations individuelles sur le marché du travail, d'autre part l'hétérogénéité de la relation entre position sur le marché du travail et cycle de vie en Europe. D'un point de vue théorique, il développe les fondements de l'approche en termes de cycle de vie, et montre les points d'articulation avec les analyses développées dans la perspective des « marchés transitionnels ». Premièrement, l'approche du cycle de vie aboutit à des hypothèses concernant les déterminants des transitions et leur différenciation par âge et par genre. Deuxièmement, elle procure une conceptualisation du temps qui permet de comprendre l'existence de phénomènes d'irréversibilité au niveau individuel et institutionnel. Ceci conduit plus généralement à souligner l'importance d'un critère de réversibilité des choix individuels pour les réformes sur le marché du travail.

Mots-clés: marché du travail, marchés transitionnels, cycle de vie, âge, genre

Summary

The article analyses the potential links between the life course approach and the Transitional Labour Market (TLM) perspective. It provides some empirical evidence of the role played by age and gender in individuals' situation on the labour market, as well as of the heterogeneity in life course patterns in Europe, using available data about employment rates, but also transitions matrices. It develops the theoretical foundations of the life course approach, and shows how it can be articulated with the TLM framework. First, the life course approach provides some insights concerning the determinants of transitions, and their differentiation by age and gender. Second, it offers a conceptualization of time and irreversibility which helps understanding path dependency at both individual and institutional level, and underlines the importance of favouring the reversibility of choices through global policy reforms

Key words: labour market, transitional labour markets, life course, age, gender
Codes JEL J08, J20, J21

1. Introduction

The Transitional Labour Markets Approach (TLM) has provided an innovative conceptual framework to deal with the reforms of labour market policies in Europe, and more generally, with the future of the European Social Model. It relies first on empirical evidence, based on an analysis of the changes in European labour markets, which highlights the growing importance of "transitions" over individuals' life, i.e. intermediary statuses between regular situations (defined through five main spheres, work, family, retirement, unemployment, training). Furthermore, it emphasizes the role played by national institutions and policies in structuring these transitions patterns. But the TLM perspective also takes a normative point of view, and sustains that the renewal of the European Social Model should be based on principles such as empowering the individuals and providing them with a capacity of choice and a capacity to reverse these choices.

In this framework, the reference to time and life course appears like a key issue. Time is seen as a scarce resource and modifications in household composition over time may, depending on the national context, affect differently household's time allocation between paid work and other time consuming activities (childcare, housework, leisure, etc.). Besides, there is also strong evidence that age plays a specific role in the decisions to participate to the labour market: older workers tend to be characterized by a specific position on the labour market (as well as young people), which is of course related to their previous career paths and decisions. Therefore the life-course approach, including both a gender and an age dimension, appears necessary to understand transitions and to make proposals for reforms (Schmid and Gazier, 2002). In the most recent developments of the TLM approach, this focus on time allocation over the life course has been linked to the emergence of new risks: the three main risks defined by Schmid (2005, 2006) are indeed related with life cycle trade-offs and events ("education and training", "compressed work carreers", "disminishing earning capacities over the life course"). As a solution to these risks, he proposes a new insurance framework, which aim would be to "[extend] the expectation horizon through a set of opportunity structures available in the most critical events during the life course" (Schmid, 2005, p36). Thus the life course approach appears like a key stone of the TLM approach. Nevertheless, although the reference to the life course is recurrent in the TLM literature, the theoretical foundations of the life course approach and its relationships with the TLM framework are rarely addressed. On the other hand, over the last decades, the life course approach has developed into a major research paradigm (Mortimer and Shanahan, 2003, Anxo and Boulin, 2006).

In this article, we will analyse the potential links between the life course approach and the TLM perspective, in other words the life course foundations of the TLM. Our focus will be mainly theoretical, although we will review some empirical evidence and policy issues. Indeed, our perspective clearly meets some debates around the objectives of the European Employment Strategy, in particular the goal to increase the overall employment rate, which requires an increase in female and older workers employment rates in particular, and thus a change in life course patterns.

2 The European context: the heterogeneity of life course patterns

The necessity of the life course perspective comes from the empirical evidence that both age and gender play a role in individuals' situation on the labour market[1]. The monitoring of employment indicators in Europe in the framework of the EES has made clear that the relative situations of countries with regard to age and gender differentiation on the labour market are heterogeneous. In this first section, we will review the main differences in life course patterns in Europe, using available data about employment rates and

complementary indicators from the Labour Force Survey (Eurostat), but also transitions matrices (based on an exploitation of the European Community Household Panel). Indeed, one of the originality of the Transitional Labour Markets perspective is to go further than a static approach to the labour market and to focus on individuals' transitions between different statuses (De Koning and Mosley, 2001).

2.1 Age groups disparities and national models

In an empirical perspective, it is quite well known that individuals' situation on the labour market is influenced by age. The employment rates stand at their highest level in the mid life period, whereas they remain at a lower level for the youth on the one hand, and the older population on the other hand. In Europe, the average employment rate of the 25 to 54 years old amounts to 77,6% in 2004, when the employment rates for the 15-24 and 54-65 remains respectively at 40 and 42,5 % (table 1). The lower labour market participation of young people is mainly to be explained by education and a slow integration process, whereas for older people it corresponds to a relatively low exit age (61,3 on average in Europe in 2003, table 2). This situation is well reflected by the transitions by age: indeed, the transitions towards inactivity are the highest for the 54-65 group, whereas the youth are the ones who exhibit the highest probability of making transitions whatever their nature, and moreover the highest probability of transiting towards employment (table 3). In the mid life period, the transitions between statuses are still important, but they remain limited compared to the younger population, which testifies from a relative stabilization in employment.

Nevertheless, this global statement understates large national disparities in labour market situations by age. Since the increase of the employment rates for older workers has become a policy goal in the European Employment Strategy, these differences have been quite well documented for older workers (see for instance European Commission, 2005; Courtioux, Erhel, 2005). Comparative studies and the data provided here identify two opposite groups of countries. In Nordic countries, but also in the UK and in Portugal, the employment rates of older workers are above the 50% target of the EES (and even exceed 60% in Sweden and Denmark). Other countries are far from reaching this goal, and exhibit employment rates under 40%: this is the case of Belgium, Luxembourg, Austria, France and Italy. In these countries, the average exit age from the labour force stands under the age of 60 (table 2), which indicates that early retirement schemes or other equivalent measures favouring definitive exit from the labour force, like unemployment insurance or disability pensions, are used at a large scale.

But the differences are also important for other age groups: if we generalize such a cross country comparative analysis of the role played by age on the labour market, we get a first picture of the heterogeneity of life course patterns in Europe.

On the basis of table 1, we can distinguish between four groups of countries. In UK, Ireland and especially in Denmark, employment rates are relatively high at all ages. In Belgium, Greece, Spain, France, Italy, Germany and Luxembourg, employment is strongly concentrated in the mid life period, with low employment rates at both ends of the working life. The two last groups are characterized by asymmetric employment rates in a life course perspective: in the Netherlands and in Austria, they are relatively high for young people, but low for seniors, contrary to Finland, Sweden and Portugal where young people exhibit a low employment rate, opposite to the seniors' relative situation. These life course patterns meet usual typologies of social protection systems (Esping Andersen, 1990) or of capitalism (Amable, 2003). In liberal countries, the relatively low level of social protection and weaker place of education provide incentives to work throughout the life course, whereas the Nordic countries tend to favour a

better balance of training and employment (in the case of Denmark, the high employment rate of young people encompasses a high share of students' jobs). In continental and southern Europe countries, the concentration of employment between 25 and 54 results from the lengthening of the education period and from the selectivity of the labour market. Such a situation reinforces the financing constraints of the social protection systems, since the burden of financing relies on a more limited group and the careers are likely to be shorter. But these differences in life course patterns must also be studied in a gender perspective.

[Insert table1, table 2 and table 3]

2. 2 Gender disparities in the patterns of labour market integration

One of the most salient features and persistent trends in advanced economies is the increased feminisation of the labour force and the related shift from the single male breadwinner household towards dual earners household. Despite these common trends implying a significant and continuous reduction of the gender employment gap there are still large differences in the patterns of female labour market integration and the extent of male breadwinner or dual earners couples among advanced countries. Furthermore, the patterns of female labour market integration over the life-course, and therefore the nature, the frequency, the timing and sequencing of transitions between the household sphere and the labour market, diverge significantly between countries.

This trend appears clearly through the evolution of the employment gap indicator (19,1% in the EU 15 in 1999 against 15,9% in 2004), but also through the differentiation by age of the employment gap indicator (table 4). The employment gap is indeed increasing with the age group considered in all countries, which is partly due to a generation effect[2]. This indicator reveals strong differences between countries. In Southern Europe (Spain, Greece, Italy), the employment gender gap is high whatever the age group, which indicates a low participation of women to the labour market. The lowest difference between men and women employment rates can be found in Nordic countries, and especially in Sweden and Finland. France, Germany, but also Portugal, the Netherlands and UK stand in an intermediary position, with a low gender gap for the youth, but higher for the older groups.

[Insert table 4]

The comparison of transition matrices for the whole population (table 3) and for women (table 5) provides additional information. On average, the probability of transition towards inactivity (from unemployment or employment) appears higher for women than for the whole population, especially in the age group 25 to 54. The differences remain limited in France and Denmark, but appear important in Spain, Italy and UK. Germany stands in an intermediary situation. These differences in transitions during the mid life period reflect the impact of childhood on women employment, which is high in Southern European countries (with the exception of Portugal), but also in UK and Germany, where withdrawals from the labour market are usual for women, although they might be partial (through part-time work) or transitory.

[Insert table 5]

Therefore, in a gender perspective, and despite the global trend towards a higher participation of women in the labour market, large discrepancies still exist between countries.

To complement these results and get a wider view of gender differentiation of employment patterns over the life course, we report some results based on previous studies relating these employment patterns with working time arrangements and with the change over

time in household composition (see for example, Anxo, 2004, and Anxo *et al*, 2007). They show that cross-country differences are partly related to the design of welfare states, employment and working time regimes, although they are more complex.

According to this literature, the Nordic social democratic regime is characterized by an overall high employment rate, the highest incidence of dual earner households with low gender disparities in labour market integration over the life course. In contrast to other countries, union and family formation are positively correlated with women's employment rates. Flexible and generous parental leave system coupled to a highly subsidized and extensive publicly financed childcare system, make it possible for parents to better conciliate paid work with family commitments. Compared to the other European countries, the Nordic countries exhibit also a relatively low gender polarization of working time with an extremely low incidence of excessive working hours and marginal part-time. Low income inequality including low gender wage differential in a context of high average and marginal tax reinforce the dual earners system, discourage the use of long working hours while qualification rules for some benefits (working time threshold), like unemployment insurance, discourage the use of marginal part-time.

In the liberal Anglo-Saxon welfare state regimes, like the UK, where workers are more dependent to the market and where alternatives to labour market income are more limited, empirical evidence show also a high degree of overall labour market integration but compared to the Nordic countries, a somewhat lower level of female labour market integration. Anxo and O'Reilly (2002) have also shown the existence of a higher gender polarization of working time, compared to Nordic countries. In those regimes, union formation and fatherhood have a positive impact on young men's labour supply and also increases the incidence of standard and long working hours (Anxo, 2004; Anxo *et al*, 2007). On the other hand, motherhood has a strong negative impact on female labour participation but the reduction of labour supply takes essentially the form of a reduction in working hours. For example, the incidence of long hours is significantly reduced for British mothers and the share of female employees working standard and marginal part time increases significantly.

The conservative continental welfare state regimes (like France, Germany, but also to some extent in the Netherlands) stand out as providing a societal system with relatively lower employment rates and also larger gender disparities. But like the Anglo-Saxon regimes some differences must be stressed. The dispersion in working time distribution and the gender polarization of working time is clearly higher in Germany and in the Netherlands compared to France. A part of these differences may be ascribed to disparities in working time regimes (Anxo and O'Reilly, 2002) and also to differences in the public provision of care. In France the coverage rates of public childcare is clearly higher and the incidence of part-time, while growing, remains much lower. Like in the other industrialized countries, family formation has a clear positive impact on male labour supply but a negative impact on female labour supply,. Compared to single women, the share of married or cohabitant women working standard hours and long hours becomes significantly lower (Anxo, 2004).

Finally, the Mediterranean welfare state regimes (like Italy or Spain), display the lowest female employment rates and the highest incidence of the traditional male breadwinner model, but when women are employed they typically work full-time. Union formation and the presence of children have a clearly negative and lasting impact on female labour market integration, largely in terms of reduced employment rates. The relatively low public provision of childcare facilities, limited parental leave system coupled to the prevailing rigidities in the working time regime (few options to work part-time) still constitutes a barrier to women's labour market integration and comfort a traditional gender division of labour.

The previous developments show clearly that the extent of labour market integration and transitions patterns vary considerably across countries, with strong differentiations by age and gender. Besides, family formation and young children have a strong gender-differentiated impact on labour market participation and working time patterns. A life course perspective on labour market integration and transitions patterns has thus been useful first to identify national specificities, and second to highlight the existence of new risks, which coincide with the transitional labour market perspective. Indeed, the trend to the concentration of employment in the mid life period, which we have observed in most countries, as well as persistent differences in gender labour market integration, confirm the so-called "compressed work careers" or "disminishing earning capacities over the life course" risks (Schmid, 2005). In the following section, we will concentrate on the theoretical foundations of the life course approach, and on its combination with the TLM framework.

3. Determinants of Transitions: the Life Course foundations of the TLM approach

The life course approach can help identifying the determinants of transitions, in a theoretical as well as empirical perspective. From that point of view, it is likely to be connected with the TLM framework. Nevertheless, the concept of life course must be further defined: a review of the literature will help us to differentiate between the standard economic approach and the life course paradigm, which, like the TLM, releases the assumption of perfect rationality and recognizes the role of institutions and social factors in the determinants of individual behaviour.

Over the last decades, the life course approach has developed into a major research paradigm (Mortimer and Shanahan, 2003; Anxo and Boulin, 2006). The notion of the life course provides a common field of research and a heuristic conceptual device aiming at studying institutions' and individual's trajectories over time. Most of the research using this approach has stressed the extent to which social forces and individual factors shape the life course of individuals and has focused on the developmental consequences of alternative life trajectories. One of the main features of this approach is its attempt to take a holistic view, in that the analysis no longer focuses on isolated specific events, phases or demographic groups but considers the entire life as the basic framework for empirical analysis and policy evaluation. The link between individual trajectories on the one hand and historical period, social structures, as well as human agency on the other is also at the core of the life course paradigm. The notion of life course posits therefore that life trajectories are constituted by a palette of sequences of events that are both individually and socially constructed.

A review of the life course literature shows, however, that often the concept is not precisely defined, and is used generally to include some vague form of temporality in order to analyse complex social phenomena (such as family formation and dissolution or various transitions over time). Furthermore, the notions of life course and life cycle have often been used as nearly equivalent concepts but represent two distinct conceptual traditions. In particular, the different conceptualisations of time in the two approaches are crucial in this regard (Anxo and Boulin, 2006).

3.1 The life cycle approach: individual choices under perfect rationality

Historically, the concept of the life cycle emerged at the end of the nineteenth century in relation to the Darwinian Theory of evolution and natural selection, and was also influenced by demographic considerations based on Malthusian theory on population growth and Spencer's socio-biological approach. Early notions of the life cycle thus drew upon strong

evolutionary assumptions of sequential biological or normative pre-determined stages and were closely related to the notions of evolution, generation, social and sexual reproduction implying a process of intergenerational sequences. In social anthropology up until the end of the 1960s, the focus on family, kinship, household and, therefore, on domestic cycles made the life cycle approach a central element in explaining the process of social reproduction and the transmission of social and economic capital (O'Rand and Krecker, 1990). In psychology, theoretical developments related to socialisation and psychological development also draw upon the life cycle approach. Erikson's classic stage model of psychosocial crisis (Erikson, 1968) is a good illustration of the application of the life cycle concept in psychological research.[3] His views draw explicitly on evolutionary theory and assume the sequences of inevitable phases and transitions from infancy to old age.

Up to the 1960s, neo-classical economists paid little attention to life cycle behaviour and the role played by time in individual choices. One of the first theoretical attempts to model life course behaviour occurred in the first half of the 1960s with the theory of life cycle income developed by Modigliani. According to this theory, risk averse and rational individuals endeavour to smooth their consumption over the life span by saving in their early years and spending their savings when retired. In recent decades, several economists have questioned the validity of such patterns and emphasised the role of social protection systems (in particular the design of public pension systems) and the role of anticipated and actual inter-generational inheritance and bequests on consumption, as well as saving and wealth accumulation over the life course. In the early 1970s, dynamic models of labour supply and models of inter-temporal choices between various time consuming activities (such as between leisure, market work, housework, caring or voluntary activities) were developed (Heckman, 1974; Becker and Ghez, 1975; Becker, 1991). Common to this approach is that individuals' inter-temporal choices, between leisure and market work for example, are derived from maximising utility, subject to economic and institutional constraints that are assumed to be exogeneous to the economic agents. Most of the early models also assumed no uncertainty and perfect information, rendering the predictability and policy implications of these early models quite limited.

Mainstream neo-classical economists commonly assume that individuals' time allocation over the life course is independent of their past behaviour. Several economists have, during the last decade, raised some concerns about the validity of such assumptions and developed models where habit formation play a decisive role in explaining individuals' behaviour and choices over time (Becker, 1996). They extend the definition of preferences to allow for personal habits, peer pressure, personal and social capital, but retain the assumptions of individual maximisation of utility, and uniformity and stability of preferences over time. The observed variety of choices across the population is, then, not due to varied preferences between individuals but related to differences in inherited personal and social capital and its accumulation over time. Hence, past consumption patterns and habit formation affect individuals' current choices by affecting the level of inherited social capital, which in turn affects the level of well-being over time, but does not affect the structure of preferences, which is still assumed to be stable over time. It must also be stressed that the cyclical dimension of time is linked to mainstream economists' conception of an optimal sequencing of phases, the dominant representation of life trajectories remaining the traditional tripartite sequencing of life course, i.e. a period of education, followed by a period of employment, and period of retirement. This tripartite sequencing is rational and efficient since an early accumulation of human capital is justified by the relatively lower earnings at young age and also because many years remain for collecting the returns of investment in human capital. The

traditional concave profile of labour supply is also explained by an exogenously assumed productivity development and earnings profile over the life course, which induce a variation of the price of leisure over time, creating strong incentive to reduce labour supply at the two ends of the age distribution.

To illustrate: in the neo-classical perspective, the effects of retirement and early retirement schemes on individual seniors' retirement behaviour primarily depend on three characteristics: the standard age of entitlement to benefits, the generosity of pension's benefits, and the implicit marginal tax. Standard and early age entitlements to pension benefits are the most difficult factors to relate to standard models, since life cycle models imply that forward looking individuals choose their optimal age of retirement in order to maximise their welfare by borrowing or lending in capital markets. Market imperfections (such as liquidity constraints, myopia or information constraints, and legal restrictions on continuing work after the standard retirement age), or social determinants (such as custom or accepted practice) must be introduced in order to identify a direct effect of the standard retirement age. The impact of pension generosity is quite straightforward: it relies on a standard labour supply model where the worker compares his/her wage with the alternative out of work income (pensions or social benefits). The concept of marginal tax also deserves further explanation. Pensions and early retirement systems include a marginal tax (or subsidy) because working for an additional year creates changes in pension wealth, i.e. in the present value of the future stream of pension payments to which a person is entitled over his or her life in retirement. More precisely, working for an extra year involves costs such as paying contributions to the system, foregoing one year of benefits (except in the case where pension benefits and wages can be combined), and potential benefits (if it leads to an increase in future pension benefits due to the incentives scheme). If the costs exceed the benefits, the pension system carries an implicit tax on continued work (an implicit subsidy if the gains exceed the costs), and is said to be "actuarially non neutral". These mechanisms affect labour supply behaviour because the implicit tax/subsidy on continued work can be considered a component of the "true wage" (according to Lazear theory). A rise in the marginal tax is equivalent to a fall in the wage rate, and induces a negative effect on the labour supply. To sum up, in this theoretical tradition, life cycle decisions are mainly related to financial gains and losses which they are expected to generate.

3.2 The life course approach: social and institutional determinants of individuals' trajectories

The life cycle approach is far from explaining all the transitions observed over the life span and the growing heterogeneity of life trajectories in modern societies. One of the major distinctions between the notion of life cycle and life course is that the former entails some form of natural and normative reproductive and iterative cyclical processes, while the life course perspective involves a more developmental approach considering individuals' life trajectories as lifelong development embedded in a social structure (Bryman, 1987; Mortimer and Shanahan, 2003). One of the objectives of the life course approach is therefore to bring in the role of the societal, historical and institutional context in explaining the growing heterogeneity of life trajectories.

The life course paradigm is intimately rooted in theoretical developments that occurred during the 1960s, particularly within the framework of social psychological research and research on the socialisation process. As emphasised by Shanahan and Elder (2002), the development of the life course perspective was an attempt to conceptualise the dynamic interactions between the individual's psychological and social developmental processes over time, the prevailing social structure and historical period, by formulating a concept of development encompassing the life course as a whole.

The assumption that different historical contexts could influence individual life trajectories led life-course theorists in the mid 1960s to focus on the consequences of major historical events – such as recession and war – on individual biographies. In this context, the notion of cohort (Ryder, 1965) emerged as a central concept for analysing the influence of significant historical events and structural changes on an individual's life trajectories. These studies clearly established that life trajectories were influenced differently in a period of economic recession or economic boom, war or peace. Successive generations started and experienced their life courses in very different historical settings and, therefore, their life trajectories would differ significantly. In addition, the timing and ordering of life course events could be influenced by major historical episodes or major social innovations (e.g. the increase in educational enrolment, contraceptive revolution, etc), and their impact is not likely to be independent of the age of people when these changes occurred. As emphasised by Elder (1994, 1998), the way social events affect life patterns is influenced by how old people are when those events occur. The same event (such as a declaration of war or recession) may have dramatically different effects, depending on the age of the person experiencing it. The implications of historical and social changes were therefore likely to be age related.

At the end of the 1960s and early 1970s, the life course approach was, therefore, supplemented by studies on age structuring. These studies revealed that, in many western countries, major institutions are formally organised by age. Civil rights and obligations and social behaviour in many European countries are explicitly structured, through legal arrangements, by chronological age; for example, the legal dispositions concerning the right to vote, to drive, to drink, to have sexual relations, to marry, etc. Entry and exit from the educational system are also regulated by age (compulsory school). In the same vein, entry into the labour market (prohibition of child labour, regulation of working time for young workers) and exit from the labour force at the end of the employment career are also structured around age (retirement age is regulated by law or collective agreements, and the level of income replacement is related to work experience). Many companies and organisations base their recruitment decision on jobseekers' past experience, and they often structure wage and career prospects (promotions) according to some form of seniority and/or work experience. In a policy context, age and age groups also serve to design special policy measures, such as labour market policy schemes oriented toward elderly or young people.

An important contribution of life course and age structuring literature was to insist on the inherently social dimension of age perception and age structuring. As emphasised by Settersten and Mayer (1997), age and sex act as a signal and a means by which social roles are assigned over the life course, and life trajectories are consequently age-graded according to prevailing age norms. Life trajectories have, therefore, to be considered as social constructions, which may vary depending on the prevailing norms and values associated with age and also by the age-related regulatory settings described above. Hence, this implies that actual life courses may be sensitive to cross-country societal differences in how the life course and transitions within trajectories are normatively structured.

During the last decades increased attention has been paid to the ability of individuals to influence their own life trajectories. These theoretical developments, coinciding with the general tendency toward individualisation, autonomy and growing heterogeneity in life style and patterns of life course, reflect more generally the attempt to disentangle analytically the impact of individual behaviour, i.e. human agency from the influence of the social structure in a broad sense and the dynamic of social changes. As stressed by Giddens (1981), traditional structural and institutional approaches seldom make adequate recognition of the significance of human agency while theories which emphasize human agency such as rational choice theory fail to provide an adequate treatment of the impact of the overall institutional and

societal set ups of modern societies. Norms, traditions, institutions and agentic dispositions are therefore key elements in understanding variations in individual behaviour over the life course. Individuals cannot be reduced to someone who is a "passive executor of prevalent social norms or guided by instrumental rationality" (Blossfeld, 1996).

Human behaviour at a given period of time or particular phase of the life course is embedded in a societal structure inherited from the past and also by the specific nature of individual trajectories reflecting both the impact of past behaviours (individual history, habits, past choices or major historical events) and the individual's social context. Social environment and individual history not only impact upon the position of an individual/household at a particular moment, but also may shape the options and decisions for future development. The options available for current decisions (opportunity set) are, therefore, neither independent of individual history (the past) nor from the specific social environment and social configuration in which he/she lives. Thus, even a perception of the future might be partially conditioned by past behaviour. In other words, at an individual level, some form of path dependency may be prevalent.

The usual dichotomy between agency and structure may be overcome by considering the temporal dimension of both individuals' behaviour and structural changes. The conceptualisation of time appears to be crucial for understanding the interdependent relationship between human agency and structure. Changes in social structure and in norms over time partly reflect the coexistence and succession of different cohorts. To illustrate, the increasing female labour market participation, initiated during the late 1960s, can partly be explained by major changes in the structure and distribution of social and human capital among younger cohorts of women. In particular, the development of women's human capital, through expanded educational opportunities, has certainly had a tremendous impact on the emergence of new preferences and on the changes in the allocation of time over the life course. Social innovation such as the contraceptive revolution has also modified sexual behaviour, family formation, fertility and the timing of birth. Hence, the current heterogeneity of behaviour among women– as far as time allocation and paid work are concerned – partly reflects the prevailing variations in human and social capital among different generations (cohorts) and social categories.

Thus the life course perspective provides an analytical framework to study individuals' trajectories and transitions over their life. Among the determinants of individuals' decisions, it puts forward the role of social structure and institutions, which result in age, gender and generation differentiation.

3.3 Life course and the Transitional Labour Market Approach

The main originalities of the TLM framework are consistent with the life course approach.

Indeed, from an analytical and methodological point of view, the TLM approach relies on a dynamic and institutional analysis. More precisely, it makes use of "transitions" as a conceptual device to study the transformations of labour markets and the emergence of new risks. The life course dimension is at the core of the TLM approach as well as the extent to which the prevailing social forces and human agency shape the life trajectories of individuals. The central elements to be analysed are the various transitions that men and women experience over the life course. Five major types of transitions are identified: transitions between the educational system and the labour market, transitions between private or family oriented activities and market work, transitions between employment and unemployment,

transitions within employment (especially between full time work and part time work) and transitions from employment towards inactivity at the end of the job career. In a cross country comparative perspective, the empirical analysis tries to relate the various observed transitions to the prevailing national policies and institutional set up in order to assess the impact of the societal framework on the patterns of transitions over the life course and to identify institutional arrangements that favour integrative transitions.

Besides, by considering the life course as a basic framework for the empirical analysis, the TLM approach also acknowledges the importance and consequences of early transitions for later experiences and events. Hence, focussing on these early events and transitions such as educational attainment (drop-out), the extent of labour market attachment (part-time/full time, continuous or erratic job career), and family formation (union formation and childbearing) is a way to recognize that these early events might have large consequences in the later years of life. In other words, the TLM approach considers that the present situation of individuals is not independent of the choices, transitions, opportunities and constraints encountered in the past. To some extent we may observe some form of path dependency at the individual level: past experience matters and may restrict an individual's options in the future. The social implications and consequences of early transitions and choices may obviously differ depending on the historical and societal context. The availability for example of public life-long training systems or active labour market policy programs may reduce the individual and social costs of early drop-out from the educational system. Hence, if time is irreversible, choices and trajectories are often reversible and might be conditioned by the set of institutional options available or by the emergence of new options (policy changes, for instance).

The importance of history and time in the TLM approach is also related to the focus on institutional complementarities and path dependence.

Indeed, transitional labour market theory can also be related to some institutionalist tradition in economics. In this perspective, institutions, which can be described, in a broad sense, as the "rules of the game" (North, 1990) build a complex setting of formal and informal norms, constraints, or habits, which orientate individual's behaviour under the assumption of a bounded rationality. A major characteristic of institutional systems is that they rely on complementarities between the various institutional devices. This property has two main consequences for the analysis of transitions. First, from an empirical point of view, the variety of transitions actually observed is the outcome of a complex institutional system (which we can name a national regime), which cannot be reduced to financial incentives or disincentives to work, like a standard labour supply approach. Second, the existence of such complementarities can explain that a change in a given institution will not necessarily lead to global change. This is usually formulated as the path dependency hypothesis: history matters and national regimes tend to be persistent, since the costs associated with a change of trajectory are usually very high. Transitional Labour Market take these phenomena into account: it does not mean that reforms are impossible, but that they take time, and are most of the time progressive.

Empirical research within the TLM framework has provided some evidence of such irreversibilities at the individual and institutional level, according to the path dependence hypothesis.

These problems are especially clear if one considers the case of the transition from work to pension: despite a will to favour seniors' activity and employment, reforms effectiveness remain limited in countries which were characterized by an intensive use of early retirement programmes in the 1980s and beginning of the 1990s. Existing studies of the French and German cases (Courtioux, Erhel, 2005) have shown that these two countries exhibit the same mechanisms which contribute to create some irreversibility in seniors' situation. First, they

were characterized by the existence of a social and political consensus around early retirement. From the firms' point of view, these schemes represented a way to modernize work organization and to renew their labour force. Unions saw early retirement as a matter of social justice and social progress (compensating for difficult working conditions). And for the governments, these programmes were a way to fight against unemployment. In this context, many reinforcing effects took place, and especially through firms training policies, which focused on younger people (in most countries further training intensity decreases over 40), and individuals' training choices during their work carrers (the incentives to claim further training are limited in a context where workers expect to withdraw from the labour market at the age of 55). Second, from a policy point of view, partial reforms are ineffective insofar as they are crowded out by other existing and competing schemes. Indeed, in most countries, there is a large number of pathways to withdraw from the labour market at a relatively early age, in particular by using early retirement programmes (based on public or private financing), unemployment related transfer schemes, disability pensions. Crowding out effects are likely to appear when a partial reform is launched, which was the case in both France and Germany where the governments tried to favour part time (instead of full time) early retirement in the mid 1990s. These programmes (progressive early retirement programme, PRP, in France, and *Teilrente* in Germany) were less attractive than existing full time early retirement or compensated unemployment, which resulted in a very limited success of this type of part time schemes (Courtioux, 2005; Courtioux and Erhel, 2005).

The TLM and the life course perspective may thus help understanding the difficulty of reforming early exit shemes and favouring seniors' activity, because they clearly relate individual choices not only to current incentives like in the most standard approaches, but also to their past careers and to the complexity of the institutional design. In a normative perspective, which also builds one aim of the TLM approach, this leads to enlarge the goals of policy reforms (Schmid and Gazier, 2002; Gazier, 2003): considering the context of increasing risks related to flexible labour markets and the existence of irreversibility, the institutions of labour market policy should be designed in such a way as to favour the capacity of individuals to make choices, and to reverse their choices over the life course, within providing new protections (like the right to lifelong learning), but also new opportunities of mobility throughout working careers (including part time work, sabbatical leaves...).

Conclusion

From a theoretical and empirical point of view, our analysis confirms that it is interesting to relate the Transitional Labour Market framework and the life course approach in more details than what has been done before in the TLM literature.

Empirically, it appears that transitions, which are the key conceptual device of the TLM, are actually differentiated by age and gender, which constitute some important aspects of the life course perspective. A second result is European countries are characterized by heterogeneous labour market integration and transitions patterns, which may be explained by the role of institutions and societal effects, in accordance to both approaches.

These facts point toward potential complementarities between the two approaches. The theoretical analysis of the life course paradigm and its recent developments gives a confirmation. Indeed, the life course approach provides some insights concerning the determinants of transitions, and their differentiation by age and gender. Besides, it offers a conceptualization of time and irreversibility which helps understanding path dependency at both individual and institutional level, and underlines the importance of favouring the reversibility of choices through global policy reforms.

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Table 1- Employment rates by age groups in 2004

	15-24	25-54	54-65
EU 15	40	77.6	42.5
Belgium	27.8	77.3	30
Denmark	62.3	83.7	60.3
Germany	41.9	78.1	41.8
Greece	26.8	73.5	39.4
Spain	35.2	72.7	41.3
France	30.4	79.6	37.3
Ireland	47.7	78.8	49.5
Italy	27.6	72.2	30.5
Luxemburg	21.4	78.7	30.8
Netherlands	65.9	82.5	45.2
Austria	51.9	82.6	28.8
Portugal	37.1	81.1	50.3
Finland	39.4	81	50.9
Sweden	39.2	82.9	69.1
U-K	55.4	80.8	56.2

Source : LFS, Eurostat

Table 2- Average exit age from the labour force (2003)

EU 15	61.3
Belgium	58.7
Denmark	62.2
Germany	61.6
Greece	62.7
Spain	61.5
France	59.6
Ireland	62.9
Italy	61
Luxemburg	58.2
Netherlands	60.5
Austria	58.8
Portugal	62.1
Finland	60.4
Sweden	63.1
U-K	63

Source: LFS, Eurostat and European Commission (2006)
Estimated average age of withdrawal from the labour market, based on a probability model considering the relative changes of activity rates from one year to another

Table 3- Transitions by age group, 2000-2001

15-24		EU	DK	UK	FR	GER	IT	SP
U=>	N	42%	12%	54%	40%	54%	25%	53%
	I	15%	88%	6%	6%	28%	18%	12%
I=>	N	17%	33%	31%	9%	17%	8%	15%
	U	6%	4%	8%	4%	4%	11%	5%
N=>	U	6%	4%	3%	10%	6%	6%	13%
	I	7%	26%	6%	4%	10%	7%	6%

25-54		EU	DK	UK	FR	GER	IT	SP
U=>	N	34%	47%	44%	27%	37%	25%	43%
	I	14%	10%	21%	6%	11%	13%	17%
I=>	N	13%	25%	28%	0%	3%	8%	1%
	U	4%	4%	2%	1%	2%	4%	1%
N=>	U	2%	2%	1%	2%	3%	2%	4%
	I	2%	2%	5%	1%	4%	2%	2%

54-65		EU	DK	UK	FR	GER	IT	SP
U=>	N	8%	20%	27%	3%	4%	18%	9%
	I	30%	48%	27%	20%	36%	11%	25%
I=>	N	2%	1%	4%	0%	0%	2%	0%
	U	1%	1%	0%	0%	0%	0%	0%
N=>	U	3%	4%	1%	2%	9%	1%	3%
	I	11%	9%	12%	15%	8%	15%	12%

Source: ECHP
Observed probability of transition from one status (according to ILO definition) to another between 2000 and 2001
U Unemployment, I Inactivity, N Employment

Table 4- Gender employment gap by age groups in 2004

	15-24	**25-54**	**54-65**
EU 15	5.8	18.8	19.4
Belgium	5.2	17.2	19.1
Denmark	3.9	8.9	14.4
Germany	2.4	12.9	16.6
Greece	11.1	32.9	33.2
Spain	11.3	29.3	35.9
France	6.9	15.1	8
Ireland	6.1	22.2	31.5
Italy	9.1	31.6	24.3
Luxemburg	1.4	26.7	18.2
Netherlands	1.1	16.2	24.9
Austria	9.2	14.2	19.6
Portugal	8.7	13.5	19.7
Finland	0.9	4.4	2.7
Sweden	-1.7	3.6	4.5
U-K	3.2	13.8	18.5

Source : LFS, Eurostat

Table 5- Transitions by age group for women, 2000-2001

15-24		EU	DK	UK	FR	GER	IT	SP
U=>	N	42%	25%	69%	34%	51%	25%	54%
	I	18%	75%	5%	10%	45%	20%	15%
I=>	N	16%	32%	29%	9%	16%	6%	15%
	U	5%	5%	7%	3%	4%	4%	4%
N=>	U	7%	6%	3%	14%	5%	9%	15%
	I	8%	41%	10%	3%	6%	7%	7%

25-54		EU	DK	UK	FR	GER	IT	SP
U=>	N	30%	55%	43%	25%	36%	20%	36%
	I	20%	14%	38%	8%	17%	23%	24%
I=>	N	12%	15%	24%	0%	4%	1%	1%
	U	4%	3%	2%	1%	1%	0%	1%
N=>	U	3%	3%	1%	2%	4%	2%	5%
	I	4%	3%	8%	2%	6%	3%	5%

54-65		EU	DK	UK	FR	GER	IT	SP
U=>	N	6%	0%	26%	5%	2%	0%	11%
	I	29%	64%	55%	10%	34%	23%	22%
I=>	N	2%	1%	2%	0%	0%	0%	0%
	U	1%	1%	1%	0%	0%	0%	0%
N=>	U	4%	0%	0%	3%	12%	1%	1%
	I	13%	5%	18%	16%	8%	19%	20%

Source: ECHP
Observed probability of transition from one status (according to ILO definition) to another between 2000 and 2001
U Unemployment, I Inactivity, N Employment

[1] The life course approach also puts the stress on generation effects (see infra, section 2). But given the limited access of comparable longitudinal data at the Euroepan level, we focus here to age, gender and use some results from previous studies to characterize the labour market effects of family formation and especially of childbirth and childbearing.
[2] To be able to distinguish between age and generation effect, one must study the differences between cohorts, which necessitates longitudinal data or simulations. Such a simulation exercise has been performed by the European Commission (2005), and shows that the increase in labour market participation of young women compared to older women strongly influence these differences in gender gaps by age groups.
[3] Piaget's theory of cognitive developments in early childhood also belongs to this tradition.